

The signs of a recovery  
are there, but the pressure is still on  
project managers to deliver.

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*—by Maya Payne Smart—*



# state of the economy report

## THE RECESSION IS OVER...RIGHT?

For months, prognosticators have scanned the economic horizon, desperate for definitive signs the worst was over. They've tracked economic indicators from payrolls to industrial production to consumer spending. Project managers are also trying to read the tea leaves, scrutinizing new project starts, relaxed budgets and other omens of market resurgence.

By the end of 2009, there were plenty of signs that a turnaround was at the ready. In mid-December, Morgan Stanley predicted the global GDP is expected to grow at an average rate of 4 percent this year.

It's not exactly a return to the go-go years, however. The investment banking

giant warned of "a tale of two worlds," forecasting barely 2 percent average GDP growth in the advanced economies, but predicting a 6.5 percent jump in emerging markets.

"It will first happen mainly in developing countries such as Brazil, India and China because these countries were the first to overcome the crisis and that makes them appealing for external investments," says Marcos Garrido, project manager and agile consultant at software company Tecgraf in Rio de Janeiro, Brazil.

Some people are zeroing in on China.

"I think Asia Pacific—and in particular China—will be the first to rebound," says Tom Parker, director, Red Tape Consulting, Melbourne, Australia.

## > TIP

**Start planning for the recovery now.** “Reshape staff and rehire the good resources laid off in the last two years,” says Florin Gheorghiu, PMP, Enel Green Power, Bucharest, Romania.

China certainly ranks among the most ambitious. Backed with a massive government stimulus plan, the country announced it was targeting 8 percent growth in 2010.

“China’s economic stimulus package is geared towards solving some of its future infrastructure and logistics challenges. And it also has a favorable balance in terms of trade, given the current valuation of the yuan coupled with the growing domestic consumer demand that will ensure its export-oriented economy copes with the current financial crisis,” Mr. Parker says.

“For project managers, it may mean looking offshore for opportunities or assisting their clients to take advantage of

opportunities in the Asia Pacific region. While it may be hard for some project managers to acknowledge, the coming decade will belong to China, and it would be wise to ensure you have a China strategy as part of your portfolio.”

China may be in the spotlight, but it’s not the only one spending. Governments around the world seem determined to nurture any signs of growth with huge stimulus plans that are translating to huge projects, especially in infrastructure.

Governments will “probably run projects meant to hire thousands of unemployed—construction, highways, public buildings, wastewater, etc.,” says Florin Gheorghiu, PMP, general project manager, Enel Green Power, Bucharest, Romania. “These projects always attract massive labor forces, and materials move in a big horizontal quake, shaking an entire piece of the economy, industry by industry.”

Yet for all the positive signs, this looks to be a fragile recovery. In mid-2009, projects on the Arabian Peninsula were moving at a rapid clip, for example: Saudi Arabia had a massive railway project in the works, Abu Dhabi was reviewing bids for a major metro system project, and Qatar was planning a railway project worth an estimated US\$25.3 billion. Then Dubai World’s potential loan default shocked already anxious global markets.

Although the general consensus seems to be that Dubai alone will bear the brunt of project cancellations and stalls, the new buzzword around the world seems to be restraint.

“Private companies will resume the frozen projects first and then will think twice when authorizing new projects because of the shareholders’ risk-averse inclination following the economic crisis,” says Mr. Gheorghiu.

Looking to recover lost ground, cost-cutting projects in manufacturing and services companies will be a focus, he predicts.

Still, you can only slice so much.

## first steps

Let’s be optimistic. If, indeed, the economy recovers, that’s going to mean a lot of projects are going to be relaunched. Here are four things to do when your project is no longer stuck on hold:

### 1 Assess the project’s relevance.

“A lot of businesses might be working on different strategies, so a project that has been paused for a while might be totally irrelevant,” says Vijay Kanabar, PhD, PMP, Boston University, Boston, Massachusetts, USA. “The scope and requirements may have changed so much that you may have to start from scratch.”

### 2 Re-evaluate assumptions and restate goals.

“Review the initial project-planning documents and adjust them based on how the environment has changed,” advises Michelle LaBrosse, PMP, Cheetah Learning, Carson City, Nevada, USA. “Usually the people available to work on the project will have changed, the tools to complete the project may have changed, the strategic objectives of the organization may have changed, and there will be other projects new on the plate that must be integrated into the input or output of the resurrected project.”

### 3 Get stakeholders on board.

“Make sure the company has made a commitment to the cash-flow needs of the project to ensure that you can successfully complete it,” Ms. LaBrosse says. “This might require difficult conversations with the stakeholders responsible for funding the project.”

### 4 Embrace change.

Consider reframing the project as a series of sprints with short-term deliverables versus a massive undertaking with a long lead time, suggests Rafael Sabbagh, project manager and agile consultant, Pontifícia Universidade Católica do Rio de Janeiro, Rio de Janeiro, Brazil.

Building in that kind of flexibility leaves room for frequent replanning in a changing environment. “That is even more evident in turbulent times,” he says, “as agile projects are more resilient to the economy’s ups and downs.”



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# graduation day

Vijay Kanabar, PhD, PMP, says he'll know the recession is truly over when employers return to campus recruiting events in big numbers. Companies might want to head over soon—graduates may be just what's needed right now.

"Students are the best choice for a lot of these companies because they are low-budget employees whom they can mold to the new industry environment that they have evolved into," says Dr. Kanabar, Boston University, Boston, Massachusetts, USA. "Small companies will have re-engineered themselves completely for the new environment, so they need a new kind of employee."



## > TIP

**Despite glimmers of hope, the lessons of the recession should not be forgotten.**

During good times, memories are short and there's a tendency to get reckless with spending, says **Vijay Kanabar, PhD, PMP**, Boston University, Boston, Massachusetts, USA. Post-recession, companies should maintain cautious, balanced, lean and mean practices.

"From a project management perspective, [organizations] have to make sure they are still aligned with their strategy and have a good portfolio of projects that they are focused on," he says.

Projects that help companies tap new markets for existing products or bring new products to market are likely to get the go-ahead, says Michelle LaBrosse, PMP, CEO of Cheetah Learning, Carson City, Nevada, USA.

"While it's important to focus on projects to improve productivity and reduce costs, it is the projects that will help a company increase revenues that will help a company grow and thrive," she says.

With just the wisps of a recovery, that's still a tough sell.

## SIGN OF THE TIMES

Tough times are bringing risk aversion and financial conservatism to the forefront, fundamentally changing the way project managers do business. Once-tolerated waste and haziness of purpose are now considered cardinal sins. And many companies are more wary than ever.

"The crunch hit with warning signs no one deciphered at the early stages," says Mr. Gheorghiu. "We need better early-warning tools and better risk-response planning."

Even as the economy starts to show signs of a turnaround, project managers are under even greater pressure to demonstrate and quantify their value.

"The economic crisis has meant that organizations look at how they spend their money and there is a greater onus on justification," says Mr. Parker. "In many ways, the crisis has forced project managers to be smarter about how they pitch their ideas, skills and services to their potential new clients. That means they must be

adding real value to a business if they are able to gain work. I think the economic crisis will shake a few lazy cats from their comfort zones."

To navigate the uncertain environment of high expectations and low budgets, project managers are learning to be flexible.

Sometimes that means a reboot and a move into an emerging sector.

"Project management skills are applicable across industries, and some of the better project managers are already networking, communicating and trying to find out where the jobs are, finding people in those sectors and trying to help them out," says Vijay Kanabar, PhD, PMP, associate professor and director of project management, Boston University, Boston, Massachusetts, USA.

"I have two people who are working with me without any compensation. Why? Because they want to get into a new sector—they are re-engineering their résumés," he says.

On the bright side, though, the new economy could very well bring with it a newfound respect for the profession.

"Employers finally understand two simple statements: Every challenge creates a project, and every project needs a project manager to run it," Mr. Gheorghiu says.

This means less "accidental" project managers who found themselves thrust into the role temporarily. With the stakes high, companies will no longer be willing to have an inexperienced project manager run a risky project, he says.

It's all part of the new normal—and it's officially kicked into high gear. **PM**